



February 13, 2003

Highlights of H.J. Res. 2, the Conference Report of the Fiscal Year 2003 Omnibus Appropriations bill

The House of Representatives passed the conference report to H.J.Res. 2 on February 13, by a vote of 338-83.

– Noteworthy –

- H.J.Res. 2, as agreed to by the conferees, provides \$397.4 billion in discretionary funds for FY 2003. The conference report provides spending for the remaining seven and one-half months of FY03 for the programs funded under the 11 appropriations bills not yet signed into law (only Defense and Military Construction are law, which together amount to \$365.3 billion). This level holds total FY03 discretionary spending to the fiscal parameters agreed to last year by President Bush and congressional appropriators (\$762.71 billion, as adjusted). Adjustments (i.e., additional requests since last fall) agreed to include additional funds for defense, fire suppression, and election reform.
- While the Defense and Military Construction bills were signed into law last year, H.J.Res. 2 provides \$10 billion in defense spending in order to fully comport to the President's additional request for funds for CIA and defense-related activities, to include the defense-related costs for the domestic war on terrorism and Operation Enduring Freedom in Afghanistan, together estimated at \$1.5 billion per month. [See Division M].
- The conference report provides a 0.65-percent across-the-board cut for most of the discretionary spending items in the bill. As passed by the Senate last month, the across-the-board cut was 2.85 percent. [See agriculture and education sections for details.]
- The bill provides \$3.11 billion for drought relief (mandatory spending) which is offset by a 50-percent cut in the Conservation Security Program (mandatory spending program). Those savings will accrue over the entire eight-year life of the program, not just in FY03. It was unclear at press time exactly how much, if any, of the \$3.11 billion is offset in FY03.
- The conference report includes a Medicare physician fee agreement permitting the Centers for Medicare and Medicaid Services to correct past physician payment errors. CBO calculates the

cost of this provision at \$54 billion over 10 years. In addition, the bill includes \$300 million in new funding for six months to hospitals located in rural and smaller metropolitan areas. The measure also provides \$28 million for six months to continue a Medicare Part B subsidy for low-income beneficiaries.

- The bill permits humanitarian and relief assistance to be provided in Iraq subject to a Presidential determination/notification that such assistance is important to U.S. national security (see Division E).
- The bill is not expected to be subject to a point of order under Rule 28 of the Standing Rules of the Senate, regarding new language in a conference report.

Major Components of H.J. Res. 2:

(listed in alphabetical order, not in bill order)

- ___ Agriculture
- ___ Commerce, Justice, State
- ___ Defense/Homeland security
- ___ District of Columbia
- ___ Energy and Water
- ___ Foreign Operations
- ___ Interior
- ___ Labor, Health and Human Services and Education
- ___ Legislative Branch
- ___ Transportation
- ___ Treasury and General Government
- ___ Veterans Affairs, Housing and Urban Development

Agriculture Appropriations

- The conference report contains emergency disaster assistance for farmers in a separate section, Division N. It provides \$3.11 billion for drought relief (mandatory spending), which is offset by a 50-percent cut in the Conservation Security Program (mandatory spending program). Those savings will accrue over the entire eight-year life of the program, not just in FY03. It was unclear at press time exactly how much, if any, of the \$3.11 billion is offset in FY03, but the expectation is that the bulk of the offset will come in out-years.
- Animal and Plant Health Inspection Service activities are funded at \$105 million above last year for a total of \$726 million, which is \$41.6 million below the President's request, due to centralized funding of GSA rental costs, and to maintaining the Secretary's use of CCC transfers to combat emergency outbreaks.

- The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) was among a handful of programs exempted from the 0.65-percent across-the-board rescission. WIC is funded at \$4.696 billion, an increase of \$348 million above last year. The recommendation includes a \$125 million reserve, as requested, should program costs or participation exceed estimates, as well as \$25 million for the farmers' market nutrition program.
- Food for Peace Program (PL 480) Title II is funded at a program level of \$1.2 billion, which is an increase of \$350 million above last year, and an increase of \$15 million above the President's request.
- Food and Drug Administration is funded at \$1.391 billion, which is \$22 million above last year and \$13 million above the President's request.

Commerce, Justice, State Appropriations

- The conference report provides \$42.1 billion for FY03. This total is approximately \$6.9 million above the FY02 funding level and \$400 million less than the President's request.

Commerce Appropriations

- The report provides \$5.7 billion to the Department of Commerce and related agencies, as follows:
- \$35 million for the U.S. Trade Representative.
- \$54 million for the International Trade Commission.
- \$370.19 million for the International Trade Administration.
- \$74.65 million for the Bureau of Industry and Security.
- \$554.5 million for the Bureau of the Census. Salaries and expenses for the agency are funded at a level of \$183 million.
- \$73.8 million for the National Telecommunications and Information Administration.
- \$712.1 million for the National Institute of Standards and Technology (NIST).
- \$1.2 billion for the Patent and Trademark Office.
- \$3.19 billion for the National Oceanic & Atmospheric Administration (NOAA).

Justice Department Appropriations

- \$62 million for Foreign Terrorist Tracking Task Force.

- \$4.3 billion for the Federal Bureau of Investigation.
- \$1.6 billion for the DEA.
- \$6.2 billion for the INS.
- \$1.0 billion for training, equipment, exercise, and research and development programs to combat domestic terrorism.
- \$2.0 billion for State and local law enforcement grants.
- \$87.4 million to continue funding for the long overdue renovation of the Supreme Court.
- \$268.4 million to fund the Judiciary Department's security requirements.
- \$338 million for the Legal Services Corporation, \$10 million above last year's level and the President's request.

State and Related Agencies Appropriations

- The report provides \$7.4 billion for the Department of State and related agencies, \$230 million below the President's request, as follows:
- \$3.8 billion for the Diplomatic and Consular Program.
- \$1.54 billion for U.S. obligations to international organizations and peacekeeping.
- \$245.3 million for educational and cultural exchange programs.
- \$1.26 billion for embassy security and construction
- \$506.6 million for international broadcasting activities.

Related Agencies

- The Committee recommends a total of \$2.31 billion for related agencies, including:
- \$225.6 million for the Maritime Administration.
- \$736.5 million for the Small Business Administration (SBA).
- \$176.6 million program level (funded by fee collections) for the Federal Trade Commission (FTC).

- \$271 million program level (funded by fee collections) for the Federal Communication Commission (FCC).
- \$338.8 million for the Legal Services Corporation (LSC).
- \$716.4 million for the Securities and Exchange Commission (SEC). The recommendation allows the Securities and Exchange Commission to hire at least 700 new staff to pursue corporate malfeasance and financial fraud, ensure enhanced public disclosure by corporations and stock analysts, and expand its examination and inspection program.

Defense Appropriations

- The conference report includes \$10 billion pursuant to requests from the White House, to support selected military and intelligence activities in support of the global war on terrorism. Of this amount, \$3.9 billion is for classified programs in support of the global war on terrorism and other anti-terrorism initiatives. The remaining \$6.1 billion is for reimbursement of personnel and operational costs incurred during the first quarter of the current fiscal year by the Department of Defense as a result of war on terrorism-related activities.
- The conference report includes, with slight technical modifications, Senate language regarding the Department of Defense's Total Information Awareness (TIA) program. The conference report allows the Administration, 90 days after the bill is enacted, to submit a report to Congress on the program, instead of 60 days as proposed by the Senate. The provision has been modified to clarify that TIA may be deployed at operating bases in the United States to assist in lawful U.S. foreign intelligence activities against non-U.S. citizens only.

District of Columbia Appropriations

- The conference report provides for a federal payment of \$512 million. The President's FY03 request was \$378.8 million. The FY02 appropriation was \$607.4 million.
- The report provides \$10 million for District hospital bioterrorism preparedness, and \$10 million for a Unified Communications Center to serve all District first responders. Another \$15 million is provided for the District's emergency planning and security costs.
- The report provides \$5 million to Children's National Medical Center for capital and equipment expenditures.
- The conference report provides \$17 million for District charter school facilities and \$17 million to permit District residents to attend state schools at in-state tuition rates. The report also caps at \$4,000 per case attorneys' fees payable in IDEA student lawsuits against the District. It bars

payment of attorneys' fees to any attorney or firm with a pecuniary interest in any special education school or diagnostic service provider.

- The report provides \$162 million for District courts, including funds for Family Court.
- The conference report provides \$50 million for the Anacostia Waterfront Initiative.

Homeland Security Appropriations

- The report modifies the Homeland Security Act in 13 places. Among the changes are provisions allowing the Secretary to waive the ban on contracts with corporate expatriates only when a waiver is required in the interest of homeland security; a Sense of the Congress about developing effective vaccines, opportunities for patients injured by vaccines to seek fair and timely redress, and protections for vaccine manufacturers. Another modification ensures that transfers of funds, personnel, etc. within and from the Justice Department are governed by reprogramming procedures, including advance notice to the Committees.

Energy and Water Appropriations

- The conference report provides \$26.16 billion in appropriations for FY03, an amount which is \$649 million above the budget request and \$900 million above the enacted appropriation for FY02. Of that, \$20.9 billion is for the Department of Energy, which is \$31 million more than the budget request and \$41 million above the FY02 amount.
- The conference report provides \$4.63 billion for the Corps of Engineers, which is \$457 million above the budget request and \$144 million above the FY02 amount.
- The report provides \$5.37 billion to the Department of Energy for Defense Environmental Restoration and Waste Management, \$172 million more than the FY02 amount and \$862.4 million more than the budget request.
- The report provides \$5.95 billion in FY03 funding for the National Nuclear Security Administration weapons activities, which is \$87 million more than the budget request and \$389 million over the FY02 amount.
- The report provides for \$460 million for Yucca Mountain, \$131 million below the budget request and \$85 million above the FY02 amount.
- The report provides \$425 million for renewable energy resources, \$18 million more than the budget request and \$29 million more than the FY02 amount.

- The report reauthorizes the Price-Anderson Act.

Foreign Operations Appropriations

- The conference report provides \$16.3 billion in appropriations for FY03. The President's FY03 request was for \$16.47 billion. The FY02 enacted level was \$16.32 billion.
- The conference report increases the Child Survival and Health Programs Fund \$400 million over last year's level. Total FY03 funding is \$1.8 billion, which includes \$591.5 million for HIV/AIDS bilateral programs and \$250 million for a U.S. contribution to the Global Fund. A total of \$800 million from all accounts is provided for HIV/AIDS.
- The report funds the Andean Counterdrug Initiative at \$700 million, \$75 million above FY02 and \$31 million below the President's request. The report also provides authority to transfer \$31 million from the International Narcotics Control and Law Enforcement account to the Andean Counterdrug Initiative, bringing it to the \$731 million requested level.
- The report also fully funds the President's Foreign Military Financing and Economic Support requests for Israel, Egypt and Jordan. The \$200 million FY03 budget amendment for counter-terrorism assistance for Israel is not included in the report.
- Section 507 of the report permits humanitarian and relief assistance to be provided in Iraq subject to a Presidential determination/notification that such assistance is important to U.S. national security.
- The conference report provides \$297 million for the Peace Corps.
- The conference report provides \$512.9 million for Export-Import Bank subsidy appropriations. While this is \$28.5 million below the FY03 request, no funds were requested in FY04 for Ex-Im subsidy appropriations.

Interior Appropriations

- The conference report approves \$19.08 billion for Interior and Related Agencies, an amount which is \$80 million less than the FY02 appropriations and \$140 million more than the Administration's request. A separate portion of the omnibus bill includes \$825 million in supplemental funds to repay amounts borrowed in FY02 for fire suppression.
- The report increases funding for National Park Systems by \$67 million to \$917 million, an increase of \$14 million over the budget request.
- The report provides \$3.98 billion for the Forest Service, which is \$28 million more than the budget request.

- The report provides \$2.03 billion for Wildland Fire Management for the Interior Department and the U.S. Forest Service, an increase of \$10.8 million over the budget request. The report also provides \$414 million for hazardous fuels reduction work by the Bureau of Land Management and the Forest Service, which is equal to the budget request and \$19 million more than the FY02 amount.
- The report allocates \$1.75 billion for the Department of Energy, which includes \$899 million for Energy Conservation and \$625 million for Fossil Energy Research and Development.
- The report includes language to facilitate performance of hazardous fuels reduction by allowing the Forest Service to exchange the value of wood fiber for activities conducted by contractors, to expand the number of sites eligible for the program, and to allow participation by the Bureau of Land Management.
- The report continues the automatic renewal of grazing permits and leases that expire or are transferred until the permit renewal process is completed, including grazing permits for Forest Service lands.

Labor, Health and Human Services and Education Appropriations

Title I, Department of Labor

- Total funding for the Department of Labor is \$11.9 billion, \$160 million below FY02 and \$338 million above the President's request.
- The bill recommends \$10.9 billion for training and employment services, including \$1.5 billion for dislocated worker assistance, an increase over the Senate-passed bill.
- The bill recommends \$900 million for Workforce Investment Act Adult training, equal to the President's request. In FY02, the grants were allocated \$950 million.
- The bill recommends \$214 million for veterans employment and training, an increase of \$2 million over FY02. The Senate passed bill recommended \$218 million.
- Language relating to the issuance of an ergonomics rule was removed from the bill.

Title II, Department of Health and Human Services

- Total discretionary funding for the Department of Health and Human Services is \$60.7 billion. This is \$3.74 billion above FY02 and \$1.18 billion above the President's request.
- The bill extends the Temporary Aid for Needy Families (TANF) program to June 30, 2003. The Senate-passed bill contained a September 30, 2003 extension.

- The bill provides \$27.16 billion for the National Institutes of Health, an increase of \$3.7 billion over FY02 appropriations.
- The bill provides \$1.51 billion for Community Health Centers, an increase of \$171 million over FY02.
- The bill provides \$2.03 billion for Ryan White AIDS programs, an increase of \$120 million over FY02 appropriations.
- The bill provides \$734.2 million, an increase of \$2.7 million over FY02 appropriations.
- The bill provides \$292 million for Children's Hospitals Graduate Medical Education, an increase of \$7.03 million over FY02 appropriations.
- The bill provides \$1.7 billion for the Low-Income Home Energy Assistance Program (LIHEAP), the same as in FY02.
- The bill provides \$6.66 billion for the Head Start program, an increase of \$129.89 million over FY02 appropriations.
- The bill provides \$2.01 billion for Substance Abuse Treatment, a decrease of \$3.0 million from FY02.
- The bill provides \$654.75 million for immunization programs, an increase of \$27.15 million over FY02 .
- The bill provides \$275.13 million for family planning, an increase of \$10 million over FY02 appropriations.
- The bill provides \$150 million for Family Caregivers, an increase of \$14 million over FY02 levels.
- The bill provides \$127.23 million for battered women's shelters, an increase of \$2.77 million over FY02.

Title III, Department of Education

- The bill provides an increase in discretionary appropriations for the Department of Education, from \$49.94 billion to a program level of \$53.4 billion. The President requested \$50.31 billion. (Note that the Senate-passed bill contained a much higher across-the-board cut of 2.85 percent than is contained in this conference report because the Senate bill offset the full \$5 billion in the Gregg education amendment from discretionary spending, as well as a large portion of the drought-relief amendment).

- Head Start funding is increased to \$6.7 billion, a \$131 million increase over FY02, and *these funds are not subject to any rescission.*
- The bill provides \$11.75 billion for Title I grants to local education agencies. This amount is \$1.4 billion more than FY02.
- The bill provides a \$1.4 billion increase over last year for part B State grants for special education (IDEA), from a program level of \$7.5 billion to \$8.9 billion. This increase was requested by the President.
- The bill recommends \$2.95 billion for State grants for improving teacher quality, an increase over the Senate-passed bill, which recommended \$2.85 billion.
- The Pell Grant maximum grant would be raised to \$4,050, an increase of \$50. Total funding is \$11.4 billion, which will enable the program to serve 4.8 million students. The Senate-passed bill sought to raise Pell grants to \$4,100.
- The bill provides no increase for the Literacy Through School Libraries Program, allocating \$12.5 million for FY03. This is equal to the FY02 funding level, and consistent with the President's request. The Senate-passed bill recommended a \$2.5 million increase.
- The bill approved an advance appropriation for the Corporation for Public Broadcasting for FY 2005 of \$390 million, \$5 million less than the Senate-passed bill. The bill would provide \$48.7 million for the conversion of public broadcasting to the digital format.

Legislative Branch Appropriations

- The conference report recommends \$2.34 billion in budget authority for FY 2003:
- \$667.8 million for the Senate, an increase of \$26.4 million over the FY02 appropriation.
- \$960.4 million for the House, an increase of \$38.9 million over the FY02 level.
- The Joint Economic Committee receives \$3.7 million; and the Joint Committee on Taxation, \$7.6 million.
- The bill provides \$203.8 million for the salaries and expenses of the Capitol Police, which is \$8.8 million below the budget request and \$46.6 million above the FY02 appropriation.
- Other Congressional Operations. The Architect of the Capitol receives \$59.3 million for general administration; \$102.3 million for the Capitol Power Plant; \$64.9 million for the Senate office

buildings; and \$59.3 million for Capitol Buildings and Grounds. The Congressional Research Service gets \$86.95 million; and for congressional printing and binding, the Government Printing Office (GPO) gets \$119.8 million which includes \$90 million for congressional printing and binding and \$29.7 million for the Superintendent of Documents program.

- Other Agencies. The Library of Congress is provided \$351.6 million for salaries and expenses. The conference report provides the General Accounting Office \$451.1 million, \$13 million for the Center for Foreign Leadership Development and \$32.1 million for the Congressional Budget Office.

Transportation Appropriations

- In total, the conference report provides nearly \$64.5 billion in total budgetary resources for FY03. This total is \$9.4 billion more than the President's request of \$55.2 billion and \$4.92 billion more than the FY02 funding level.
- The conference report restores the \$8.6 billion cut to the Federal-Aid Highway Program recommended by the President, which would bring the program's total cost to the FY02 level of \$31.8 billion.
- The report provides \$1.05 billion in federal operating and capital subsidies for Amtrak. The report includes some reforms and the submission of capital and operating plans that will increase Congressional, and DOT oversight of Amtrak.
- The report fully funds essential functions of the newly created Department of Homeland Security (DHS), including \$5.2 billion for the new Transportation Security Administration and \$6.1 billion for the Coast Guard, including \$478 million to upgrade the Integrated Deepwater System's cutters, aircraft, and communications systems.
- The recommendation does not accept any of the Administration's proposals for new user fees for the transportation industry, including \$165 million for Coast Guard users, \$59 million for the railroad industry, and \$6 million for transporters of hazardous materials, all of which reduced the budgetary impact of the President's request because such fees were scored as "cash on hand."

Treasury Department, Postal Service, Executive Office of the President, and Certain Independent Agencies Appropriations

- The conference report provides \$34.9 billion in appropriations for FY03, an amount \$382 million less than the administration's request and \$781 million more than the appropriated FY02 level.

- Department of Treasury funding is \$16.2 billion, an amount \$306 million greater than the administration's request and \$535 greater than the appropriated FY02 level.
- U.S. Postal Service funding is \$76 million, an amount equal to the administration's request.
- Executive Office of the President funding is \$782 million, an amount \$3.8 million less than the administration's request and \$19.2 million less than the appropriated FY02 level.
- Independent Agencies funding is \$17.6 billion, an amount \$75 million less than the administration's request and \$896 million more than the appropriated FY02 level.
- Does not include House provision regarding cash balance retirement plans.
- Does not include House provisions regarding Cuba travel restrictions and agricultural commodities/medical supplies to Cuba.
- Does include the FEHB abortion restriction (with life of mother exemption).

Veterans, HUD Appropriations

- The conference report provides \$90.35 billion in discretionary spending for FY03, and \$31.6 billion in mandatory spending, totaling \$121.9 billion. The FY02 appropriations were \$95.41 billion, discretionary, and the FY03 budget request was \$93.4 billion, discretionary.
- VA Medical Care was exempted from the across-the-board cut. The report provides \$58 billion for the Department of Veterans Affairs, of which \$31.58 billion is mandatory. The conference report provides \$23.9 billion for medical care, a \$2.5 billion increase over last year, and \$1.2 billion over the President's request.
- NASA funding is increased by \$513 million over FY02, bringing FY03 funding to \$15.4 billion, \$414 million above the President's request. NASA receives \$50 million to investigate the recent Columbia tragedy as well as any immediate needs of the shuttle program; the space shuttle program was exempt from any across-the-board rescissions.
- The National Science Foundation (NSF) is increased \$536 million over last year's level and \$316 million over the budget request, bringing FY03 funding to \$5.34 billion, the largest NSF budget ever.
- The Department of Housing and Urban Development (HUD) is funded at \$31.24 billion, an increase of \$1.1 billion over FY02, and \$100 million less than the request.

- The Housing Certificate Fund is funded at \$17.2 billion, including \$4.2 billion in advance funding, which is \$304 million over the budget request and \$113 million below the FY02 level.
 - The Environmental Protection Agency receives \$8.13 billion, \$511 million above the President's request and \$53 million over FY02, with Superfund funded at \$1.22 billion, \$75 million more than the budget request and \$2.7 million more than FY02.
 - The bill provides \$381 million for the Corporation for National and Community Service, (\$429 million, minus \$48 million rescission of unobligated funds from previous appropriation acts). This amount is \$31.7 million below the Senate recommendation, whereas the House provided no funds.
 - The Federal Emergency Management Agency (FEMA) is funded at \$2.85 billion for FY03, including \$800 million for Disaster Relief; FEMA's Fire Act grants are funded at \$750 million.
-